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CHINESE NATIONALIST PREPARATIONS FOR COUNTERATTACK

Although Nationalist forces are at a peak of readiness, we have no recent indicators of an attempt to land a division on the mainland this summer, as reported [redacted] It seems more likely that, in the next few months, Chiang Kai-shek plans only to increase the tempo of small-scale guerrilla and commando operations. We would note that [redacted] before Chiang had received letters from the President and from the DCI on this subject.

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[redacted] There are areas, however, in which the Nationalists are especially sensitive and where we do not always get the full story in advance. The training of special forces for mainland operations has been one of these areas. Nevertheless, we feel that our information is sufficient to support our judgments on this subject.

The Nationalists have only enough aircraft to drop about half a division--approximately 3,500 men--within a 300-mile radius of Taiwan, and this capability is limited by the lack of equipment to counter Chinese Communist air-

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defense detection and interception. The US has recently given the Nationalists two C-123's with effective electronic countermeasures equipment--which could lift not more than 100 men.

The naval amphibious force, in a maximum effort requiring the overloading of all ships, could transport two divisions but would face great difficulties in resupplying this force. The Nationalists are reportedly constructing 100 LCM landing craft, which if designed according to US specifications, could transport one division of lightly armed men. These LCM's could be employed in operations from Taiwan to the mainland only in ideal weather, although they could be used from the offshore islands in almost any weather.

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on Taiwan reported last month that he believed about 50 LCMs had been completed, with the remaining 50 to be finished upon the receipt and installation of engines. The engines are to be delivered in mid-May. Our best estimate is that 1 September would be the earliest date by which the full 100 LCMs could be finished.

While the Nationalists have contingency plans for division-size landings, the master plan for operations against the mainland in 1963 calls for the creation of a

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"favorable situation" with small-scale attacks in southern China before the commitment of larger forces. The plan suggests that the landing of larger forces would be contingent upon the success of the smaller infiltration teams. Recent operations have been limited to the apparently successful landing and exfiltration of one 20- to 30-man team in late April. A later operation was canceled because the Nationalists, displaying a cautious attitude, believed the Communists had strengthened their defenses in the proposed target area.

There is no evidence that Taiwan's population is being prepared for imminent hostilities. While the counterattack theme is never allowed to drop entirely, it has been presented in a low-key, routine manner for the past few months.

The possibility cannot be entirely excluded that the Nationalists would attempt an independent action against the mainland. Nationalist officers have been secretive with US military advisers regarding some recent airborne exercises, the last of which was a regimental paratroop exercise on 6-7 May requiring almost all Nationalist transport aircraft. US advisers state that this force could have been sent against the mainland without US cognizance if Nationalist leaders had so decided.

As noted above, the Generalissimo recently received letters from both President Kennedy and the DCI which advocated caution. Normally he reacts with some pique to such

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advice. In this case, he has not reacted at all, and this might suggest that he plans to ignore the advice.

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